

## Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 EB-08 CTME-00 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05  
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 AF-10 ARA-10 EA-10 EUR-12 NEA-11 OIC-02  
JUSE-00 /169 W

-----085872 061801Z /46

P 061636Z JUN 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 0486  
INFO ALL EC CAPITALS

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USMTN USEEC

ACTION STR FOR AMB. WOLFF AND MATTHEISEN

E.O. 11652  
TAGS: ETRD, MTN, EEC  
SUBJECT: MCDONALD/DENMAN CONSULTATIONS, JUNE 2:  
SAFEGUARDS ISSUES

1. SAFEGUARDS DISCUSSION TOOK PLACE AT FRIDAY EVENING  
DINNER WITH EC SEARCHING FOR INTERMEDIATE GROUND BETWEEN  
CURRENT U.S. AND EC POSITIONS WHICH WERE SEEMINGLY  
IRRECONCILABLE. AMB. MCDONALD REITERATED U.S. POSITION  
AND STRESSED THAT ANY DIVISIVE ISSUES PRESSED BY EC  
WERE OF SUCH FUNDAMENTAL IMPORTANCE AND SENSITIVITY THAT  
THEY WOULD ONLY BE RESOLVABLE AT TOP POLITICAL LEVEL.  
DENMAN SUGGESTED NEGOTIATING TEAMS WOULD NEED TO PRESENT  
THEIR LEADERSHIP WITH UNDERSTANDABLE OPTIONS COVERING A  
RANGE OF POSSIBILITIES BETWEEN AND INCLUDING THE TWO  
OFFICIAL POSITIONS, TO BE REVIEWED AT THE JUNE 19

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BILATERAL/TRILATERAL. HE FURTHER OBSERVED THAT EVEN IF  
THE MOST DIFFICULT ISSUES COULDN'T OFFICIALLY BE RESOLVED  
AT THAT TIME, A "PRIVATE UNDERSTANDING" WOULD NEED TO BE  
FIRMED UP IN ORDER FOR THE COMMISSION TO BE ABLE TO  
ASSURE THE JUNE 27 COUNCIL MEETING THAT THE MTN PACKAGE  
WAS UNDER CONTROL.

2. BULK OF DISCUSSION CONSISTED OF EC SIDE GIVING INDICATIONS OF HOW EC THOUGHT MULTILATERAL COMMITTEE REVIEW PROCESS COULD PROVIDE SUFFICIENT DISCIPLINE ON SELECTIVITY IF "PRIOR APPROVAL" WERE NOT A PART OF THE PROCESS. DENMAN COMMENTED THAT U.S. WAS UNLIKELY TO FIND MUCH CONGRESSIONAL SYMPATHY FOR GIVING A MULTILATERAL BODY PRIOR APPROVAL RIGHTS OVER GOVERNMENTAL ACTIONS. EC WENT ON TO ARGUE AT LENGTH THAT THE PRESSURE OF ADVERSE COMMENT IN A MULTILATERAL FORUM, ESPECIALLY IN AN ORGANIZED AND SOLEMN SETTING SUCH AS A DISPUTE SETTLEMENT PANEL, HAD PROVEN ITS WORTH OVER THE PAST DECADES IN GATT AND PRESENTED A VERY FORMIDABLE DISCIPLINE ON THOSE WHO WOULD DEPART FROM AGREED RULES. WHILE REJECTING PRIOR APPROVAL NOTION, EC WAS WILLING TO HAVE A PANEL TYPE PROCEDURE INCLUDING THE ISSUANCE OF CLEAR CUT CONCLUSIONS AND RECOMMENDATIONS WHICH OVER TIME WOULD CREATE A SOLID BODY OF DISCIPLINE AND RULES OF THE ROAD.

3. U.S. NOTED THAT THE HISTORICAL RECORD OF GATT WAS SPOTTY ON ACHIEVING DISCIPLINE VIA THE PANEL PROCESS, OR IN GATT COUNCIL DISCUSSIONS. THIS WAS ONE REASON WE SOUGHT GENERAL IMPROVEMENT OF THE DISPUTE MANAGEMENT PROCEDURES BY THE ADDITION OF MORE PRECISION AND RELIABILITY. FURTHERMORE, EC INSISTENCE OF THE POSSIBILITY FOR "IMMEDIATE" SELECTIVE ACTION UNDERScoreD THE ISSUE OF WHEN THE REVIEW PROCESS SHOULD OCCUR IN RELATION LIMITED OFFICIAL USE

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TO A DISPUTED MEASURE. HOW COULD WE ENVISAGE AN EFFECTIVE MULTILATERAL DISCIPLINE IF THE COMMUNITY INSISTED ON SHOOTING FIRST (WITHOUT CONSULTATION) AND BEING ASKED QUESTIONS AFTERWARDS? COMMISSION AGAIN INSISTED THAT PRESSURE IN OFFICIAL INSTITUTIONAL SETTING AND THROUGH PUBLIC COMMENT COULD AND WOULD CAUSE A COUNTRY TO MODIFY AN ILL-CONCEIVED OR UNJUSTIFIABLE POSITION.

4. EC SUGGESTED THE NEED FOR A RANGE OF OPTIONS WHICH LED FROM ONE SIDE'S POSITION TO THE OTHER ON THE QUESTION OF A ROLE FOR THE COMMITTEE OF SIGNATORIES IN DISCIPLINING SAFEGUARD ACTION. IT WAS AGREED THAT ANY INTERIM EC IDEAS ON THIS AND OTHER SAFEGUARDS ISSUES WOULD BE TAKEN UP AGAIN AT NEXT MCDONALD/DENMAN SESSION JUNE 13.

5. DRAFTED BY HARTZELL MCDONALD

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, REGIONAL ORGANIZATIONS, TRADE AGREEMENTS, MEETING REPORTS  
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**Draft Date:** 06 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
Sheryl P. Walter  
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